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KENNETH L. SCHROEDER

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

KENNETH L. SCHROEDER,

Defendant.

Case No. C-07-3798-JW (HRL)

**STATEMENT IN COMPLIANCE WITH  
CIVIL LOCAL RULE 37-2 REGARDING  
DOCUMENTS SOUGHT FROM KLA-  
TENCOR CORPORATION**

Date: July 15, 2008  
Time: 10:00 a.m.  
Courtroom: 8  
Judge: Magistrate Judge Howard R. Lloyd

1 Defendant Kenneth L. Schroeder respectfully submits this Statement in Compliance with  
2 Local Rule 37-2 Regarding Documents Sought from KLA-Tencor Corporation ("KLA"). For  
3 ease of reference, Mr. Schroeder has organized this statement to correspond to the five general  
4 categories of documents and testimony identified in the Motion Of Kenneth L. Schroeder To  
5 Compel Further Responses To Discovery Requests (Testimony And Documents) By (1) KLA-  
6 Tencor Corporation And (2) Skadden, Arps, Slate, Meagher & Flom LLP, Attorneys For The  
7 Special Committee Of KLA's Board Of Directors (the "Motion to Compel"): (1) documents and  
8 communications concerning historical attorney communications about KLA's option granting and  
9 accounting practices; (2) original notes and draft interview memoranda from Special Committee  
10 witness interviews; (3) documents and communications relating to the Special Committee  
11 investigation shown to or discussed with government or regulatory agencies; (4) all other  
12 documents and communications relating to the Special Committee investigation; and (5)  
13 documents and communications shared with KLA's outside auditors.

14 KLA has refused to produce the documents and communications at issue in the Motion to  
15 Compel, and to permit witnesses to testify about those documents and communications, on the  
16 basis of the attorney-client privilege and/or the work product doctrine. KLA also asserts that the  
17 "majority" of the documents and communications that Mr. Schroeder seeks have already been  
18 produced to him in this litigation by the SEC. KLA has failed, however, to identify with any  
19 specificity what documents it is withholding or the specific grounds for withholding them.

20 By the Motion to Compel and this statement, Mr. Schroeder does not seek to compel KLA  
21 to re-produce documents that have already been produced to him by the SEC. Rather,  
22 Mr. Schroeder seeks production of the documents that have been withheld from production to him  
23 to date, as well as testimony relating to all of the documents and communications that KLA has  
24 withheld based on privilege assertions. The documents and testimony that Mr. Schroeder seeks  
25 are vital to Mr. Schroeder's ability to fully defend himself, and, under the circumstances of this  
26 case, all of KLA's privilege claims are unfounded, either because no privilege or protection ever  
27 attached or because KLA has waived any applicable privilege or protection.

**I. CATEGORY 1: DOCUMENTS CONCERNING HISTORICAL ATTORNEY COMMUNICATIONS ABOUT KLA'S OPTION GRANTING AND ACCOUNTING PRACTICES**

**A. MR. SCHROEDER'S PRODUCTION DEMAND NO. 16 TO KLA**

Production Demand No. 16

All calendars, notebooks or diaries memorializing dates for telephone calls and/or meetings of Kenneth Levy, Jon Tompkins, Gary Dickerson, Joy Nyberg, Lisa Berry, Stuart Nichols, John Kispert, Maureen Lamb, Barbara Stebbins and Mark Nordstrom CONCERNING compensation of employees, accounting for employee compensation, stock option grants and/or corporate governance issues.

KLA's Amended Response to Production Demand No. 16

KLA reasserts and incorporates each of the General Objections set forth above. KLA objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects to this Demand to the extent that it is vague and ambiguous, compound and improper in form. KLA further objects to this Demand to the extent it seeks production of documents which are neither relevant to the subject matter of this action nor reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents protected by the attorney-client privilege, work product doctrine, or other applicable privilege. No such privileged documents will be produced. KLA objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive information or information that is protected by the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests, in whole or in part.

KLA objects to this demand to the extent it seeks documents that Schroeder already has in his possession, custody or control or are as accessible to Schroeder as they are to KLA, including, but not limited to, documents that Schroeder already has obtained from the SEC in this action. No such documents will be produced by KLA.

Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 16

As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents responsive to Production Demand No. 16 that KLA has withheld based on the attorney-client

1 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
2 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
3 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
4 options granting practices, witness interview memoranda concerning such communications, and  
5 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
6 options practices without regard to matters of privilege.

7 **B. MR. SCHROEDER'S PRODUCTION DEMAND NO. 28 TO KLA**

8 Production Demand No. 28

9 All DOCUMENTS concerning the Board of Directors' granting of options to Section 16b  
10 officers including all DOCUMENTS evidencing any follow-up to assure that the Secretary,  
11 General Counsel, or Human Resources had properly documented its grants.

12 KLA's Amended Response to Production Demand No. 28

13 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
14 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
15 to this Demand to the extent that it is vague and ambiguous, compound, argumentative, lacks  
16 foundation, and is improper in form. KLA further objects to this Demand to the extent it seeks  
17 production of documents which are neither relevant to the subject matter of this action nor  
18 reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this  
19 Demand to the extent it seeks documents protected by the attorney-client privilege, work product  
20 doctrine, or other applicable privilege. No such privileged documents will be produced. KLA  
21 objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive  
22 information or information that is protected by the right to privacy of any third party that KLA is  
23 obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests,  
24 in whole or in part.

25 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
26 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
27 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
28 No such documents will be produced by KLA.

1           Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 28

2           As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
3 responsive to Production Demand No. 28 that KLA has withheld based on the attorney-client  
4 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
5 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
6 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
7 options granting practices, witness interview memoranda concerning such communications, and  
8 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
9 options practices without regard to matters of privilege.

10       **C.     MR. SCHROEDER'S PRODUCTION DEMAND NO. 30 TO KLA**

11           Production Demand No. 30

12           All DOCUMENTS concerning the Compensation Committee's granting of options to  
13 Section 16b officers including all DOCUMENTS evidencing any follow-up to assure that the  
14 Secretary, General Counsel, or Human Resources had properly documented its grants.

15           KLA's Amended Response to Production Demand No. 30

16           KLA reasserts and incorporates each of the General Objections set forth above. KLA  
17 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
18 to this Demand to the extent that it is vague and ambiguous, compound, argumentative, lacks  
19 foundation, and is improper in form. KLA further objects to this Demand to the extent it seeks  
20 production of documents which are neither relevant to the subject matter of this action nor  
21 reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this  
22 Demand to the extent it seeks documents protected by the attorney-client privilege, work product  
23 doctrine, or other applicable privilege. No such privileged documents will be produced. KLA  
24 objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive  
25 information or information that is protected by the right to privacy of any third party that KLA is  
26 obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests,  
27 in whole or in part.

1 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
2 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
3 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
4 No such documents will be produced by KLA.

5 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 30

6 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
7 responsive to Production Demand No. 30 that KLA has withheld based on the attorney-client  
8 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
9 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
10 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
11 options granting practices, witness interview memoranda concerning such communications, and  
12 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
13 options practices without regard to matters of privilege.

14 **D. MR. SCHROEDER'S PRODUCTION DEMAND NO. 44 TO KLA**

15 Production Demand No. 44

16 All DOCUMENTS CONCERNING COMMUNICATIONS between Lisa Berry and  
17 anyone CONCERNING stock options, accounting for stock options, stock option procedures,  
18 selection of stock option grant dates and all DOCUMENTS found on her computer relating to the  
19 same subjects.

20 KLA's Amended Response To Production Demand No. 44

21 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
22 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
23 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
24 KLA further objects to this Demand to the extent it seeks production of documents which are  
25 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
26 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
27 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
28 No such privileged documents will be produced. KLA objects to this Demand to the extent it

1 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
 2 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 3 Demand to the extent it contains duplicative requests, in whole or in part.

4 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 5 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
 6 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
 7 No such documents will be produced by KLA.

8 Mr. Schroeder's Entitlement To Documents Response to Production Demand No. 44

9 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
 10 responsive to Production Demand No. 44 that KLA has withheld based on the attorney-client  
 11 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
 12 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
 13 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
 14 options granting practices, witness interview memoranda concerning such communications, and  
 15 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
 16 options practices without regard to matters of privilege.

17 **E. MR. SCHROEDER'S PRODUCTION DEMAND NO. 47 TO KLA**

18 Production Demand No. 47

19 All DOCUMENTS created by, sent by or to, or received by or from any current or former  
 20 employee of THE COMPANY's Human Resources Department, Finance Department, Legal  
 21 Department, or stock option committee CONCERNING THE COMPANY's stock option grants,  
 22 which grants were dated on or as of the following dates:

- 23 1. November 14, 1991
- 24 2. September 14, 1992
3. July 26, 1994
- 25 4. April 18, 1995
5. January 15, 1996
- 26 6. September 17, 1996
7. October 8, 1996
- 27 8. April 30, 1997
9. July 21, 1997
- 28 10. July 31, 1997
11. October 30, 1997

12. November 24, 1997  
 13. January 20, 1998  
 14. March 18, 1998  
 15. April 27, 1998  
 16. June 3, 1998  
 17. June 22, 1998  
 18. August 5, 1998  
 19. August 31, 1998  
 20. September 10, 1997  
 21. October 19, 1998  
 22. October 23, 1998  
 23. November 3, 1998  
 24. November 30, 1998  
 25. December 16, 1998  
 26. January 22, 1999  
 27. February 26, 1999  
 28. March 24, 1999  
 29. April 19, 1999  
 30. May 26, 1999  
 31. June 15, 1999  
 32. July 26, 1999  
 33. August 20, 1999  
 34. November 30, 1999  
 35. December 16, 1999  
 36. January 28, 2000  
 37. February 18, 2000  
 38. April 14, 2000  
 39. May 25, 2000  
 40. July 5, 2000  
 41. August 13, 2000  
 42. October 17, 2000  
 43. November 10, 2000  
 44. December 22, 2000  
 45. February 9, 2001  
 46. April 4, 2001  
 47. May 30, 2001  
 48. July 10, 2001  
 49. October 2, 2001  
 50. November 20, 2001  
 51. January 18, 2002  
 52. February 28, 2002  
 53. January 24, 2005

KLA's Amended Response To Production Demand No. 47

KLA reasserts and incorporates each of the General Objections set forth above. KLA objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects to this Demand to the extent that it is vague and ambiguous, compound, and improper in form. KLA further objects to this Demand to the extent it seeks production of documents which are neither relevant to the subject matter of this action nor reasonably calculated to lead to the



1 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
 2 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
 3 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
 4 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
 5 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 6 Demand to the extent it contains duplicative requests, in whole or in part. KLA objects to the  
 7 production of documents pertaining to stock option grants before 1997.

8 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 9 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
 10 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
 11 No such documents will be produced by KLA.

12 Subject to and without waiving the foregoing limitations and General and Specific  
 13 Objections, KLA will produce relevant, non-privileged documents that are responsive to this  
 14 Demand provided that an adequate protective order is entered that will protect disclosure of KLA  
 15 and KLA current and former employees' confidential, proprietary, and/or private information.

16 Mr. Schroeder's Entitlement To Documents Response to Production Demand No. 47

17 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
 18 responsive to Production Demand No. 47 that KLA has withheld based on the attorney-client  
 19 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
 20 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
 21 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
 22 options granting practices, witness interview memoranda concerning such communications, and  
 23 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
 24 options practices without regard to matters of privilege.

25 **F. MR. SCHROEDER'S PRODUCTION DEMAND NO. 48 TO KLA**

26 Production Demand No. 48

27 All DOCUMENTS CONCERNING COMMUNICATIONS sent by or received by Stuart  
 28 J. Nichols CONCERNING stock options, the authority to grant or price stock options, Board

1 ratification of stock option grants, including but not limited to, all drafts of the memorandum sent  
2 by Nichols dated March 19, 2001, and all COMMUNICATIONS with Wilson Sonsini Goodrich  
3 & Rosati CONCERNING stock options.

4 KLA's Amended Response To Production Demand No. 48

5 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
6 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
7 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
8 KLA further objects to this Demand to the extent it seeks production of documents which are  
9 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
10 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
11 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
12 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
13 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
14 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
15 Demand to the extent it contains duplicative requests, in whole or in part.

16 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
17 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
18 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
19 No such documents will be produced by KLA.

20 Mr. Schroeder's Entitlement To Documents Responsive to Production Demand No. 48

21 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
22 responsive to Production Demand No. 48 that KLA has withheld based on the attorney-client  
23 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
24 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
25 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
26 options granting practices, witness interview memoranda concerning such communications, and  
27 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
28 options practices without regard to matters of privilege.

**G. MR. SCHROEDER'S PRODUCTION DEMAND NO. 50 TO KLA**Production Demand No. 50

All DOCUMENTS CONCERNING internal controls existing prior to the SPECIAL COMMITTEE INVESTIGATION to assure that the granting of stock options were properly accounted for, and all DOCUMENTS relating to the training of Human Resource, stock administration departments and members of the stock option committee were trained in proper procedures for granting and accounting for option grants.

KLA's Amended Response to Production Demand No. 50

KLA reasserts and incorporates each of the General Objections set forth above. KLA objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects to this Demand to the extent that it is vague and ambiguous, compound, and improper in form. KLA further objects to this Demand to the extent it seeks production of documents which are neither relevant to the subject matter of this action nor reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents protected by the attorney-client privilege, work product doctrine, or other applicable privilege. No such privileged documents will be produced. KLA objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive information or information that is protected by the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests, in whole or in part.

KLA objects to this demand to the extent it seeks documents that Schroeder already has in his possession, custody or control or are as accessible to Schroeder as they are to KLA, including, but not limited to, documents that Schroeder already has obtained from the SEC in this action. No such documents will be produced by KLA.

Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 50

As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents responsive to Production Demand No. 50 that KLA has withheld based on the attorney-client privilege and/or work product doctrine because (1) KLA has not established the applicability of any privilege or protection; and (2) KLA waived any applicable privilege or protection when it

1 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
 2 options granting practices, witness interview memoranda concerning such communications, and  
 3 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
 4 options practices without regard to matters of privilege.

5 **H. MR. SCHROEDER'S PRODUCTION DEMAND NO. 52 TO KLA**

6 Production Demand No. 52

7 All documents CONCERNING the November 14, 1998 COMMUNICATION from Lisa  
 8 Berry to Larry Sonsini of Wilson Sonsini Goodrich & Rosati.

9 KLA's Amended Response to Production Demand No. 52

10 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
 11 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
 12 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
 13 KLA further objects to this Demand to the extent it seeks production of documents which are  
 14 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
 15 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
 16 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
 17 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
 18 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
 19 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 20 Demand to the extent it contains duplicative requests, in whole or in part.

21 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 22 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
 23 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
 24 No such documents will be produced by KLA.

25 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 52

26 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
 27 responsive to Production Demand No. 52 that KLA has withheld based on the attorney-client  
 28 privilege and/or work product doctrine because (1) KLA has not established the applicability of

1 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
2 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
3 options granting practices, witness interview memoranda concerning such communications, and  
4 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
5 options practices without regard to matters of privilege.

6 **I. MR. SCHROEDER'S PRODUCTION DEMAND NO. 53 TO KLA**

7 Production Demand No. 53

8 All documents CONCERNING any meeting held on April 4, 2001 at THE COMPANY,  
9 including the "Stock Option Pricing" meeting scheduled by the assistant for Maureen Lamb.

10 KLA's Amended Response to Production Demand No. 53

11 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
12 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
13 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
14 KLA further objects to this Demand to the extent it seeks production of documents which are  
15 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
16 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
17 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
18 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
19 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
20 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
21 Demand to the extent it contains duplicative requests, in whole or in part.

22 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
23 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
24 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
25 No such documents will be produced by KLA.

26 Subject to and without waiving the foregoing limitations and General and Specific  
27 Objections, KLA will produce relevant, non-privileged documents that are responsive to this  
28

1 Demand provided that an adequate protective order is entered that will protect disclosure of KLA  
2 and KLA current and former employees' confidential, proprietary, and/or private information.

3 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 53

4 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
5 responsive to Production Demand No. 53 that KLA has withheld based on the attorney-client  
6 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
7 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
8 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
9 options granting practices, witness interview memoranda concerning such communications, and  
10 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
11 options practices without regard to matters of privilege.

12 **J. MR. SCHROEDER'S PRODUCTION DEMAND NO. 57 TO KLA**

13 Production Demand No. 57

14 All COMMUNICATIONS CONCERNING stock options or accounting for stock options  
15 sent or received by Ken Levy, Ken Schroeder, Gary Dickerson, Jon Tompkins, John Kispert, Lisa  
16 Berry, Mark Nordstrom, Stuart Nichols, Maureen Lamb, and any officer or employee of KLA-  
17 TENCOR's human resources, finance, stock administration, and legal departments.

18 KLA's Amended Response to Production Demand No. 57

19 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
20 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
21 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
22 KLA further objects to this Demand to the extent it seeks production of documents which are  
23 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
24 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
25 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
26 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
27 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
28

1 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 2 Demand to the extent it contains duplicative requests, in whole or in part.

3 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 4 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
 5 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
 6 No such documents will be produced by KLA.

7 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 57

8 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
 9 responsive to Production Demand No. 57 that KLA has withheld based on the attorney-client  
 10 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
 11 any privilege or protection; and (2) KLA waived any applicable privilege or protection when it  
 12 produced to the SEC documents reflecting attorney-client communications concerning KLA's  
 13 options granting practices, witness interview memoranda concerning such communications, and  
 14 instructed at least one former KLA attorney to provide information to the SEC about KLA's stock  
 15 options practices without regard to matters of privilege.

16 **II. CATEGORY 2: ORIGINAL NOTES AND DRAFT MEMORANDA FROM**  
 17 **SPECIAL COMMITTEE INTERVIEWS**

18 **A. MR. SCHROEDER'S PRODUCTION DEMAND NO. 7 TO KLA**

19 Production Demand No. 7

20 All DOCUMENTS which YOU created or prepared in connection with SPECIAL  
 21 COMMITTEE INVESTIGATION, including all DOCUMENTS concerning interviews of  
 22 witnesses and summaries of option grants, including all drafts.

23 KLA's Amended Response to Production Demand No. 7

24 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
 25 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
 26 to this Demand to the extent that it is vague and ambiguous, compound and improper in form.  
 27 KLA further objects to this Demand to the extent it seeks production of documents which are  
 28 neither relevant to the subject matter of this action nor reasonably calculated to lead to the



discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents protected by the attorney-client privilege, work product doctrine, or other applicable privilege. No such privileged documents will be produced. KLA objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive information or information that is protected by the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests, in whole or in part.

KLA objects to this demand to the extent it seeks documents that Schroeder already has in his possession, custody or control or are as accessible to Schroeder as they are to KLA, including, but not limited to, documents that Schroeder already has obtained from the SEC in this action. No such documents will be produced by KLA.

#### Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 7

As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents responsive to Production Demand No. 7 that KLA has withheld based on the attorney-client privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client privilege or work product protection applies to any such documents, because they were created with the intent to disclose them to the government; and (2) KLA waived any applicable privilege or protection as to the subject matter of the Special Committee investigation when it disclosed to the SEC witness interview memoranda and other purportedly privileged materials and/or work product created during the Special Committee investigation.

### **III. CATEGORY 3: DOCUMENTS RELATING TO THE SPECIAL COMMITTEE INVESTIGATION SHOWN TO OR DISCUSSED WITH THE SEC OR OTHER AGENCIES**

#### **A. MR. SCHROEDER'S PRODUCTION DEMAND NO. 1 TO KLA**

##### Production Demand No. 1

All DOCUMENTS CONCERNING the SPECIAL COMMITTEE INVESTIGATION or the RESTATEMENT which YOU transmitted to, read to (in whole or in part), summarized to, presented to or received from, the SEC.



1           KLA's Amended Response to Production Demand No. 1

2           KLA reasserts and incorporates each of the General Objections set forth above. KLA  
3           objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
4           to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
5           KLA further objects to this Demand to the extent it seeks production of documents which are  
6           neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
7           discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
8           protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
9           No such privileged documents will be produced. KLA objects to this Demand to the extent it  
10          seeks confidential, proprietary, or highly sensitive information or information that is protected by  
11          the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
12          Demand to the extent it contains duplicative requests, in whole or in part.

13          Based on KLA's review of the SEC's Initial Disclosures, KLA believes the SEC has  
14          already produced substantially all of the documents responsive to this Demand to Schroeder.  
15          Because these documents are already in Schroeder's possession, custody, or control, it would be  
16          unduly burdensome and an improper use of the discovery process to compel KLA to produce  
17          such documents in this case. Accordingly, KLA will not produce any documents responsive to  
18          this Demand which the SEC has already produced to Schroeder, as such documents are already in  
19          Schroeder's possession, custody, or control, and therefore are equally accessible to Schroeder as  
20          to KLA. KLA also refuses to produce many of these responsive documents on the additional  
21          ground that they are protected by the attorney client privilege, the work product doctrine, and/or  
22          other applicable privileges. To the extent Schroeder is concerned that the set of documents he  
23          received from the SEC is incomplete, KLA is willing to meet and confer with Schroeder to  
24          compare the documents he has received from the SEC with the non-privileged, non-attorney work  
25          product documents KLA already produced to the SEC.

26          To the extent that KLA has any responsive documents that the SEC has not produced to  
27          Schroeder and that are not protected by the attorney-client privilege, the work product doctrine, or  
28          some other applicable privilege, KLA will product such documents to Schroeder to the extent

1 they do not contain any trade secrets or confidential or completely sensitive business information  
2 and subject to the entry by the court of a protective order prohibiting the parties from disclosing  
3 such documents or information to third parties or using them for purposes unrelated to this  
4 litigation. However, KLA currently believes that all non-privileged responsive documents that  
5 were produced to the SEC have already been produced to Schroeder pursuant to the SEC's Initial  
6 Disclosures.

7 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 1

8 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
9 responsive to Production Demand No. 1 that KLA has withheld based on the attorney-client  
10 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
11 privilege or work product protection applies to any such documents, because they were created  
12 with the intent to disclose them to the government; (2) KLA waived any applicable privilege or  
13 protection as to the subject matter of the Special Committee investigation when it disclosed to the  
14 SEC witness interview memoranda and other purportedly privileged materials and/or work  
15 product created during the Special Committee investigation; and (3) waiver applies irrespective of  
16 whether KLA physically produced such documents to the SEC or disclosed the materials orally or  
17 by other means.

18 **B. MR. SCHROEDER'S PRODUCTION DEMAND NO. 2 TO KLA**

19 Production Demand No. 2

20 All DOCUMENTS CONCERNING the SPECIAL COMMITTEE INVESTIGATION or  
21 the RESTATEMENT which YOU transmitted to, read to (in whole or in part), summarized to,  
22 presented to or received from, the DOJ.

23 KLA's Amended Response to Production Demand No. 2

24 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
25 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
26 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
27 KLA further objects to this Demand to the extent it seeks production of documents which are  
28 neither relevant to the subject matter of this action nor reasonably calculated to lead to the

1 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
2 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
3 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
4 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
5 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
6 Demand to the extent it contains duplicative requests, in whole or in part.

7 Based on KLA's review of the SEC's Initial Disclosures, KLA believes the SEC has  
8 already produced substantially all of the documents responsive to this Demand to Schroeder.  
9 Because these documents are already in Schroeder's possession, custody, or control, it would be  
10 unduly burdensome and an improper use of the discovery process to compel KLA to produce  
11 such documents in this case. Accordingly, KLA will not produce any documents responsive to  
12 this Demand which the SEC has already produced to Schroeder, as such documents are already in  
13 Schroeder's possession, custody, or control, and therefore are equally accessible to Schroeder as  
14 to KLA. KLA also refuses to produce many of these responsive documents on the additional  
15 ground that they are protected by the attorney client privilege, the work product doctrine, and/or  
16 other applicable privileges. To the extent Schroeder is concerned that the set of documents he  
17 received from the SEC is incomplete, KLA is willing to meet and confer with Schroeder to  
18 compare the documents he has received from the SEC with the non-privileged, non-attorney work  
19 product documents KLA already produced to the DOJ.

20 To the extent that KLA has any responsive documents that the SEC has not produced to  
21 Schroeder and that are not protected by the attorney-client privilege, the work product doctrine, or  
22 some other applicable privilege, KLA will produce such documents to Schroeder to the extent  
23 they do not contain any trade secrets or confidential or completely sensitive business information  
24 and subject to the entry by the court of a protective order prohibiting the parties from disclosing  
25 such documents or information to third parties or using them for purposes unrelated to this  
26 litigation. However, KLA currently believes that all non-privileged responsive documents that  
27 were produced to DOJ have already been produced to Schroeder pursuant to the SEC's Initial  
28 Disclosures.

1           Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 2

2           As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
3 responsive to Production Demand No. 2 that KLA has withheld based on the attorney-client  
4 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
5 privilege or work product protection applies to any such documents, because they were created  
6 with the intent to disclose them to the government; (2) KLA waived any applicable privilege or  
7 protection as to the subject matter of the Special Committee investigation when it disclosed to the  
8 SEC witness interview memoranda and other purportedly privileged materials and/or work  
9 product created during the Special Committee investigation; and (3) waiver applies irrespective of  
10 whether KLA physically produced such documents to the SEC or disclosed the materials orally or  
11 by other means.

12       **C.     MR. SCHROEDER'S PRODUCTION DEMAND NO. 3 TO KLA**

13           Production Demand No. 3

14           All DOCUMENTS CONCERNING the SPECIAL COMMITTEE INVESTIGATION or  
15 the RESTATEMENT which YOU transmitted to, read to (in whole or in part), summarized to,  
16 presented to or received from, the NASDAQ.

17           KLA's Amended Response to Production Demand No. 3

18           KLA reasserts and incorporates each of the General Objections set forth above. KLA  
19 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
20 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
21 KLA further objects to this Demand to the extent it seeks production of documents which are  
22 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
23 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
24 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
25 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
26 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
27 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
28 Demand to the extent it contains duplicative requests, in whole or in part.

1 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
2 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
3 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
4 No such documents will be produced by KLA.

5 Subject to and without waiving the foregoing limitations and General and Specific  
6 Objections, KLA will produce relevant, non-privileged documents that are responsive to this  
7 Demand provided that an adequate protective order is entered that will protect disclosure of KLA  
8 and KLA current and former employees' confidential, proprietary, and/or private information.

9 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 3

10 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
11 responsive to Production Demand No. 3 that KLA has withheld based on the attorney-client  
12 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
13 privilege or work product protection applies to any such documents, because they were created  
14 with the intent to disclose them to the government; (2) KLA waived any applicable privilege or  
15 protection as to the subject matter of the Special Committee investigation when it disclosed to the  
16 SEC witness interview memoranda and other purportedly privileged materials and/or work  
17 product created during the Special Committee investigation; and (3) waiver applies irrespective of  
18 whether KLA physically produced such documents to the SEC or disclosed the materials orally or  
19 by other means.

20 **D. MR. SCHROEDER'S PRODUCTION DEMAND NO. 9 TO KLA**

21 Production Demand No. 9

22 All DOCUMENTS memorializing any interactions which you attended with  
23 representatives of the SEC, DOJ and/or NASDAQ CONCERNING the SPECIAL COMMITTEE  
24 INVESTIGATION and/or RESTATEMENT.

25 KLA's Amended Response to Production Demand No. 9

26 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
27 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
28 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.

1 KLA further objects to this Demand to the extent it seeks production of documents which are  
2 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
3 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
4 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
5 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
6 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
7 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
8 Demand to the extent it contains duplicative requests, in whole or in part.

9 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
10 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
11 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
12 No such documents will be produced by KLA.

13 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 9

14 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
15 responsive to Production Demand No. 9 that KLA has withheld based on the attorney-client  
16 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
17 privilege or work product protection applies to any such documents, because they were created  
18 with the intent to disclose them to the government; (2) KLA waived any applicable privilege or  
19 protection as to the subject matter of the Special Committee investigation when it disclosed to the  
20 SEC witness interview memoranda and other purportedly privileged materials and/or work  
21 product created during the Special Committee investigation; and (3) waiver applies irrespective of  
22 whether KLA physically produced such documents to the SEC or disclosed the materials orally or  
23 by other means.

24 **E. MR. SCHROEDER'S PRODUCTION DEMAND NO. 17 TO KLA**

25 Production Demand No. 17

26 All DOCUMENTS CONCERNING the dates, times, participants and length of meetings  
27 and/or telephone calls with YOU had with the SEC, DOJ and/or NASDAQ CONCERNING the  
28

1 SPECIAL COMMITTEE INVESTIGATION and/or SLC INVESTIGATION, including attorney  
2 billing records and calendar entries.

3 KLA's Amended Response to Production Demand No. 17

4 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
5 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
6 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
7 KLA further objects to this Demand to the extent it seeks production of documents when are  
8 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
9 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
10 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
11 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
12 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
13 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
14 Demand to the extent it contains duplicative requests, in whole or in part.

15 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
16 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
17 but not limited to, documents that Schroeder already had obtained from the SEC in this action.  
18 No such documents will be produced by KLA.

19 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 17

20 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
21 responsive to Production Demand No. 17 that KLA has withheld based on the attorney-client  
22 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
23 privilege or work product protection applies to any such documents, because they were created  
24 with the intent to disclose them to the government; (2) KLA waived any applicable privilege or  
25 protection as to the subject matter of the Special Committee investigation when it disclosed to the  
26 SEC witness interview memoranda and other purportedly privileged materials and/or work  
27 product created during the Special Committee investigation; and (3) waiver applies irrespective of  
28



1 whether KLA physically produced such documents to the SEC or disclosed the materials orally or  
2 by other means.

3 **F. MR. SCHROEDER'S PRODUCTION DEMAND NO. 22 TO KLA**

4 Production Demand No. 22

5 All DOCUMENTS CONCERNING KLA-TENCOR's SPECIAL COMMITTEE  
6 INVESTIGATION which the law firms of Skadden Arps Slate Meagher & Flom LLP on behalf  
7 of the SPECIAL COMMITTEE or Morgan Lewis, on behalf of the COMPANY transmitted to  
8 read to (in whole or in part), summarized to, presented to or received from any government  
9 agency or the NASDAQ.

10 KLA's Amended Response to Production Demand No. 22

11 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
12 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
13 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
14 KLA further objects to this Demand to the extent it seeks production of documents which are  
15 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
16 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
17 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
18 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
19 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
20 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
21 Demand to the extent it contains duplicative requests, in whole or in part.

22 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
23 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
24 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
25 No such documents will be produced by KLA.

26 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 22

27 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
28 responsive to Production Demand No. 22 that KLA has withheld based on the attorney-client



1 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
 2 privilege or work product protection applies to any such documents, because they were created  
 3 with the intent to disclose them to the government; (2) KLA waived any applicable privilege or  
 4 protection as to the subject matter of the Special Committee investigation when it disclosed to the  
 5 SEC witness interview memoranda and other purportedly privileged materials and/or work  
 6 product created during the Special Committee investigation; and (3) waiver applies irrespective of  
 7 whether KLA physically produced such documents to the SEC or disclosed the materials orally or  
 8 by other means.

9 **IV. CATEGORY 4: ALL DOCUMENTS RELATING TO THE SPECIAL**  
 10 **COMMITTEE INVESTIGATION**

11 **A. MR. SCHROEDER'S PRODUCTION DEMAND NO. 6 TO KLA**

12 Production Demand No. 6

13 All DOCUMENTS which you reviewed as part of the SPECIAL COMMITTEE  
 14 INVESTIGATION and/or RESTATEMENT.

15 KLA's Amended Response to Production Demand No. 6

16 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
 17 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
 18 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
 19 KLA further objects to this Demand to the extent it seeks production of documents which are  
 20 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
 21 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
 22 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
 23 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
 24 seeks confidential, proprietary, or highly sensitive information or information that is protected the  
 25 right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 26 Demand to the extent it contains duplicative requests, in whole or in part.

27 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 28 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,

1 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
2 No such documents will be produced by KLA.

3 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 6

4 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
5 responsive to Production Demand No. 6 that KLA has withheld based on the attorney-client  
6 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
7 privilege or work product protection applies to any such documents, because they were created  
8 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
9 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
10 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
11 product created during the Special Committee investigation.

12 **B. MR. SCHROEDER'S PRODUCTION DEMAND NO. 11 TO KLA**

13 Production Demand No. 11

14 All DOCUMENTS CONCERNING the COMPANY'S SEC filings that refer to or discuss  
15 the SPECIAL COMMITTEE INVESTIGATION and/or RESTATEMENT, including drafts  
16 which YOU prepared or edited.

17 KLA's Amended Response to Production Demand No. 11

18 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
19 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
20 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
21 KLA further objects to this Demand to the extent it seeks production of documents which are  
22 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
23 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
24 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
25 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
26 seeks confidential, proprietary, or highly sensitive information or information that is protected the  
27 right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
28 Demand to the extent it contains duplicative requests, in whole or in part.

1 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
2 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
3 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
4 No such documents will be produced by KLA.

5 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 11

6 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
7 responsive to Production Demand No. 11 that KLA has withheld based on the attorney-client  
8 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
9 privilege or work product protection applies to any such documents, because they were created  
10 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
11 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
12 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
13 product created during the Special Committee investigation.

14 **C. MR. SCHROEDER'S PRODUCTION DEMAND NO. 20 TO KLA**

15 Production Demand No. 20

16 All lists of search words, terms, or phrases that you used to search through DOCUMENTS  
17 in connection with the SPECIAL COMMITTEE INVESTIGATION OR SPECIAL  
18 LITIGATION COMMITTEE INVESTIGATION.

19 KLA's Amended Response to Production Demand No. 20

20 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
21 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
22 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
23 KLA further objects to this Demand to the extent it seeks production of documents which are  
24 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
25 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
26 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
27 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
28 seeks confidential, proprietary, or highly sensitive information or information that is protected by

1 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
2 Demand to the extent it contains duplicative requests, in whole or in part.

3 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
4 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
5 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
6 No such documents will be produced by KLA.

7 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 20

8 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
9 responsive to Production Demand No. 20 that KLA has withheld based on the attorney-client  
10 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
11 privilege or work product protection applies to any such documents, because they were created  
12 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
13 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
14 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
15 product created during the Special Committee investigation

16 **D. MR. SCHROEDER'S PRODUCTION DEMAND NO. 25 TO KLA**

17 Production Demand No. 25

18 All DOCUMENTS CONCERNING action or remedial measures that YOU took as a  
19 result of the SPECIAL COMMITTEE INVESTIGATION, including documents CONCERNING  
20 resignations of directors from YOUR board of directors, terminations of officers and/or  
21 employees, cancellations of options, re-pricing of options and payment of bonuses on account of  
22 re-priced options.

23 KLA's Amended Response to Production Demand No. 25

24 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
25 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
26 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
27 KLA further objects to this Demand to the extent it seeks production of documents which are  
28 neither relevant to the subject matter of this action nor reasonably calculated to lead to the

1 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
2 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
3 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
4 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
5 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
6 Demand to the extent it contains duplicative requests, in whole or in part.

7 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
8 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
9 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
10 No such documents will be produced by KLA.

11 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 25

12 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
13 responsive to Production Demand No. 25 that KLA has withheld based on the attorney-client  
14 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
15 privilege or work product protection applies to any such documents, because they were created  
16 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
17 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
18 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
19 product created during the Special Committee investigation.

20 **E. MR. SCHROEDER'S PRODUCTION DEMAND NO. 31 TO KLA**

21 Production Demand No. 31

22 All DOCUMENTS CONCERNING Part I, Item 3 (Legal Proceedings) and Part II, Item 7  
23 (Management Discussion & Analysis) of THE COMPANY's Form 10-K filed on January 29,  
24 2007, including all drafts of these items.

25 KLA's Amended Response to Production Demand No. 31

26 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
27 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
28 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.

1 KLA further objects to this Demand to the extent it seeks production of documents which are  
 2 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
 3 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
 4 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
 5 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
 6 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
 7 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 8 Demand to the extent it contains duplicative requests, in whole or in part.

9 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 10 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
 11 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
 12 No such documents will be produced by KLA.

13 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 31

14 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
 15 responsive to Production Demand No. 31 that KLA has withheld based on the attorney-client  
 16 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
 17 privilege or work product protection applies to any such documents, because they were created  
 18 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
 19 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
 20 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
 21 product created during the Special Committee investigation.

22 **F. MR. SCHROEDER'S PRODUCTION DEMAND NO. 32 TO KLA**

23 Production Demand No. 32

24 All DOCUMENTS CONCERNING the conclusions of the SPECIAL COMMITTEE set  
 25 forth on pages 24 and 34 of THE COMPANY's Form 10-K filed January 29, 2007, including all  
 26 drafts these items.

27 KLA's Amended Response to Production Demand No. 32

28 KLA reasserts and incorporates each of the General Objections set forth above. KLA

1 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
2 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
3 KLA further objects to this Demand to the extent it seeks production of documents which are  
4 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
5 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
6 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
7 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
8 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
9 the right to privacy of any third party KLA is obligated to safeguard. KLA objects to this  
10 Demand to the extent it contains duplicative request, in whole or in part.

11 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
12 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
13 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
14 No such documents will be produced by KLA.

15 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 32

16 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
17 responsive to Production Demand No. 32 that KLA has withheld based on the attorney-client  
18 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
19 privilege or work product protection applies to any such documents, because they were created  
20 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
21 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
22 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
23 product created during the Special Committee investigation.

24 **G. MR. SCHROEDER'S PRODUCTION DEMAND NO. 37 TO KLA**

25 Production Demand No. 37

26 All DOCUMENTS provided to or received from Skadden Arps Slate Meagher & Flom  
27 LLP CONCERNING the SPECIAL INVESTIGATION.



1           KLA's Amended Response to Production Demand No. 37

2           KLA reasserts and incorporates each of the General Objections set forth above. KLA  
3           objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
4           to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
5           KLA objects to this Demand on the grounds that it is unintelligible; the Subpoena contains no  
6           definition for the term "Special Investigation." KLA further objects to this Demand to the extent  
7           it seeks production of documents which are neither relevant to the subject matter of this action  
8           nor reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this  
9           Demand to the extent it seeks documents protected by the attorney-client privilege, work product  
10          doctrine, or other applicable privilege. No such privileged documents will be produced. KLA  
11          objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive  
12          information or information that is protected by the right of privacy of any third party that KLA is  
13          obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests,  
14          in whole or in part.

15          KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
16          his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
17          but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
18          No such documents will be produced by KLA.

19           Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 37

20          As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
21          responsive to Production Demand No. 37 that KLA has withheld based on the attorney-client  
22          privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
23          privilege or work product protection applies to any such documents, because they were created  
24          with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
25          or protection as to the subject matter of the Special Committee investigation when it disclosed to  
26          the SEC witness interview memoranda and other purportedly privileged materials and/or work  
27          product created during the Special Committee investigation.



1 **H. MR. SCHROEDER'S PRODUCTION DEMAND NO. 38 TO KLA**

2 Production Demand No. 38

3 All DOCUMENTS provided to or received from Morgan, Lewis & Bockius LLP  
4 CONCERNING the SPECIAL INVESTIGATION.

5 KLA's Amended Response to Production Demand No. 38

6 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
7 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
8 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
9 KLA objects to this Demand on the grounds that it is unintelligible; the Subpoena contains no  
10 definition for the term "Special Investigation." KLA further objects to this Demand to the extent  
11 it seeks production of documents which are neither relevant to the subject matter of this action  
12 nor reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this  
13 Demand to the extent it seeks documents protected by the attorney-client privilege, work product  
14 doctrine, or other applicable privilege. No such privileged documents will be produced. KLA  
15 objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive  
16 information or information that is protected by the right to privacy of any third party that KLA is  
17 obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests,  
18 in whole or in part.

19 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
20 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
21 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
22 No such documents will be produced by KLA.

23 Mr. Schroeder's Entitlement to Documents Responsive to Production Demand No. 38

24 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
25 responsive to Production Demand No. 38 that KLA has withheld based on the attorney-client  
26 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
27 privilege or work product protection applies to any such documents, because they were created  
28 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege

1 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
2 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
3 product created during the Special Committee investigation.

4 **I. MR. SCHROEDER'S PRODUCTION DEMAND NO. 54 TO KLA**

5 Production Demand No. 54

6 All calendars, diaries, or notes CONCERNING any witness or potential witness contacted  
7 during the SPECIAL COMMITTEE INVESTIGATION, including DOCUMENTS  
8 CONCERNING Kenneth Levy, Gary Dickerson, Jon Tompkins, John Kispert, Lisa Berry, Stuart  
9 Nichols, Maureen Lamb, Joy Nyberg and Mark Nordstrom and all of the COMPANY's vice  
10 presidents of Human Resources.

11 KLA's Amended Response to Production Demand No. 54

12 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
13 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
14 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
15 KLA further objects to this Demand to the extent it seeks production of documents which are  
16 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
17 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
18 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
19 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
20 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
21 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
22 Demand to the extent it contains duplicative requests, in whole or in part.

23 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
24 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
25 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
26 No such documents will be produced by KLA.

1           Mr. Schroeder's Entitlement to Documents Responsive to Demand No. 54

2           As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
3 responsive to Production Demand No. 54 that KLA has withheld based on the attorney-client  
4 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
5 privilege or work product protection applies to any such documents, because they were created  
6 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
7 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
8 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
9 product created during the Special Committee investigation.

10       **J.       MR. SCHROEDER'S PRODUCTION DEMAND NO. 58 TO KLA**

11           Production Demand No. 58

12           All DOCUMENTS CONCERNING KENNETH SCHROEDER including all  
13 DOCUMENTS concerning his employment, responsibilities at THE COMPANY, option grants  
14 and any action taken with respect to him based on the SPECIAL COMMITTEE  
15 INVESTIGATION OR SPECIAL LITIGATION COMMITTEE INVESTIGATION.

16           KLA's Amended Response to Production Demand No. 58

17           KLA reasserts and incorporates each of the General Objections set forth above. KLA  
18 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
19 to this Demand to the extent that it is vague and ambiguous, compound, and improper form.  
20 KLA further objects to this Demand to the extent it seeks production of documents which are  
21 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
22 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
23 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
24 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
25 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
26 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
27 Demand to the extent it contains duplicative requests, in whole or in part.

1 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
2 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
3 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
4 No such documents will be produced by KLA.

5 Mr. Schroeder's Entitlement to Documents Responsive to Demand No. 58

6 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
7 responsive to Production Demand No. 58 that KLA has withheld based on the attorney-client  
8 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
9 privilege or work product protection applies to any such documents, because they were created  
10 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
11 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
12 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
13 product created during the Special Committee investigation.

14 **K. MR. SCHROEDER'S PRODUCTION DEMAND NO. 59 TO KLA**

15 Production Demand No. 59

16 All DOCUMENTS CONCERNING internal controls that THE COMPANY put into place  
17 on the basis of the results of the SPECIAL INVESTIGATION to assure proper granting and  
18 accounting for its stock options and education of its personnel and directors regarding stock  
19 option grants.

20 KLA's Amended Response to Production Demand No. 59

21 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
22 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
23 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
24 KLA objects to this Demand on the grounds that it is unintelligible; the Subpoena contains no  
25 definition for the term "Special Investigation." KLA further objects to this Demand to the extent  
26 it seeks production of documents which are neither relevant to the subject matter of this action  
27 nor reasonably calculated to lead to the discovery of admissible evidence. KLA objects to this  
28 Demand to the extent it seeks documents protected by the attorney-client privilege, work product

1 doctrine, or other applicable privilege. No such privileged documents will be produced. KLA  
2 objects to this Demand to the extent it seeks confidential, proprietary, or highly sensitive  
3 information or information that is protected by the right to privacy of any third party that KLA is  
4 obligated to safeguard. KLA objects to this Demand to the extent it contains duplicative requests,  
5 in whole or in part.

6 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
7 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
8 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
9 No such documents will be produced by KLA.

10 Mr. Schroeder's Entitlement to Documents Responsive to Demand No. 59

11 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
12 responsive to Production Demand No. 59 that KLA has withheld based on the attorney-client  
13 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
14 privilege or work product protection applies to any such documents, because they were created  
15 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
16 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
17 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
18 product created during the Special Committee investigation.

19 **L. MR. SCHROEDER'S PRODUCTION DEMAND NO. 60 TO KLA**

20 Production Demand No. 60

21 All DOCUMENTS CONCERNING any decisions made by the COMPANY  
22 CONCERNING any remedial action taken or considered by THE COMPANY based on the  
23 SPECIAL COMMITTEE INVESTIGATION, including employment decisions, requests for  
24 director resignations and stock option re-pricing decisions and bonus decisions.

25 KLA's Amended Response to Production Demand No. 60

26 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
27 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
28 to this Demand to the extent that it is vague and ambiguous, compound, and improper form.

1 KLA further objects to this Demand to the extent it seeks production of documents which are  
 2 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
 3 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
 4 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
 5 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
 6 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
 7 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
 8 Demand to the extent it contains duplicative requests, in whole or in part.

9 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
 10 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
 11 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
 12 No such documents will be produced by KLA.

13 Mr. Schroeder's Entitlement to Documents Responsive to Demand No. 60

14 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
 15 responsive to Production Demand No. 60 that KLA has withheld based on the attorney-client  
 16 privilege and/or work product doctrine because (1) KLA cannot establish that the attorney-client  
 17 privilege or work product protection applies to any such documents, because they were created  
 18 with the intent to disclose them to the government; and (2) KLA waived any applicable privilege  
 19 or protection as to the subject matter of the Special Committee investigation when it disclosed to  
 20 the SEC witness interview memoranda and other purportedly privileged materials and/or work  
 21 product created during the Special Committee investigation.

22 **V. CATEGORY 5: DOCUMENTS SHARED WITH KLA'S OUTSIDE AUDITORS**

23 **A. MR. SCHROEDER'S PRODUCTION DEMAND NO. 4 TO KLA**

24 Production Demand No. 4

25 All DOCUMENTS CONCERNING the SPECIAL COMMITTEE INVESTIGATION  
 26 and/or RESTATEMENT which YOU transmitted to, read to (in whole or in part), summarized to,  
 27 presented to or received from, PWC.

28 KLA's Amended Response to Production Demand No. 4

1 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
2 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
3 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.

4 KLA further objects to this Demand to the extent it seeks production of documents which  
5 are neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
6 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
7 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
8 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
9 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
10 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
11 Demand to the extent it contains duplicative requests, in whole or in part.

12 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
13 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
14 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
15 No such documents will be produced by KLA.

16 Subject to and without waiving the foregoing limitations and General and Specific  
17 Objections, KLA will produce relevant, non-privileged documents that are responsive to this  
18 Demand provided that an adequate protective order is entered that will protect disclosure of KLA  
19 and KLA current and former employees' confidential, proprietary, and/or private information.

20 Mr. Schroeder's Entitlement to Document Responsive to Production Demand No. 4

21 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
22 responsive to Production Demand No. 4 that KLA has withheld based on the attorney-client  
23 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
24 any privilege or protection; and (2) KLA waived any applicable privilege or protection as to the  
25 documents requested by disclosing them to PwC.

26 **B. MR. SCHROEDER'S PRODUCTION DEMAND NO. 24 TO KLA**

27 Production Demand No. 24

28 All DOCUMENTS CONCERNING KLA-TENCOR's accounting for stock option grants,



1 both before and after the SPECIAL COMMITTEE INVESTIGATION, including all  
2 DOCUMENTS transmitted to and received from PWC or LECG in connection with the  
3 RESTATEMENT.

4 KLA's Amended Response to Production Demand No. 24

5 KLA reasserts and incorporates each of the General Objections set forth above. KLA  
6 objects to this Demand to the extent that it is overly broad and unduly burdensome. KLA objects  
7 to this Demand to the extent that it is vague and ambiguous, compound, and improper in form.  
8 KLA further objects to this Demand to the extent it seeks production of documents which are  
9 neither relevant to the subject matter of this action nor reasonably calculated to lead to the  
10 discovery of admissible evidence. KLA objects to this Demand to the extent it seeks documents  
11 protected by the attorney-client privilege, work product doctrine, or other applicable privilege.  
12 No such privileged documents will be produced. KLA objects to this Demand to the extent it  
13 seeks confidential, proprietary, or highly sensitive information or information that is protected by  
14 the right to privacy of any third party that KLA is obligated to safeguard. KLA objects to this  
15 Demand to the extent it contains duplicative requests, in whole or in part.

16 KLA objects to this demand to the extent it seeks documents that Schroeder already has in  
17 his possession, custody or control or are as accessible to Schroeder as they are to KLA, including,  
18 but not limited to, documents that Schroeder already has obtained from the SEC in this action.  
19 No such documents will be produced by KLA.

20 Mr. Schroeder's Entitlement to Documents Responsive to Demand No. 24

21 As explained in the Motion to Compel, Mr. Schroeder is entitled to all documents  
22 responsive to Production Demand No. 24 that KLA has withheld based on the attorney-client  
23 privilege and/or work product doctrine because (1) KLA has not established the applicability of  
24 any privilege or protection; and (2) KLA waived any applicable privilege or protection as to the  
25 documents requested by disclosing them to PwC.



1 Dated: June 9, 2008

2 Respectfully submitted,

3 DLA PIPER US LLP

4 By: /s/Jeffrey B. Coopersmith

5 SHIRLI FABBRI WEISS (Bar No. 079225)

6 DAVID PRIEBE (Bar No. 148679)

7 JEFFREY B. COOPERSMITH (Bar No. 252819)

8 **DLA PIPER US LLP**

9 ELLIOT R. PETERS (Bar No. 158708)

10 STUART L. GASNER (Bar No. 164675)

11 **KEKER & VAN NEST LLP**

12 Attorneys for Defendant

13 KENNETH L. SCHROEDER

14 WEST\21261290.4